

Securities and Exchange Commission

§ 210.7-04

REDEEMABLE PREFERRED STOCKS

21. *Preferred stocks subject to mandatory redemption requirements or whose redemption is outside the control of the issuer.* The classification and disclosure requirements of § 210.5-02.28 shall be followed.

NONREDEEMABLE PREFERRED STOCKS

22. *Preferred stocks which are not redeemable or are redeemable solely at the option of the issuer.* The classification and disclosure requirements of § 210.5-02.29 shall be followed.

COMMON STOCKS

23. *Common stocks.* The classification and disclosure requirements of § 210.5-02.30 shall be followed.

OTHER STOCKHOLDERS' EQUITY

24. *Other stockholders' equity.* (a) Separate captions shall be shown for (1) additional paid-in capital, (2) other additional capital, (3) unrealized appreciation or depreciation of equity securities less applicable deferred income taxes, (4) retained earnings (i) appropriated and (ii) unappropriated. (See § 210.4-08(e).) Additional paid-in capital and other additional capital may be combined with the stock caption to which they apply, if appropriate.

(b) The classification and disclosure requirements of § 210.5-02.31(b) and (c) shall be followed for (1) dating and effect of a quasi-reorganization and (2) summaries of each stockholder's equity account.

(c) State in a note the following information separately for (1) life insurance legal entities, and (2) property and liability insurance legal entities: the amount of statutory stockholders' equity as of the date of each balance sheet presented and the amount of statutory net income or loss for each period for which an income statement is presented.

25. *Total liabilities and stockholders' equity.*

[46 FR 54335, Nov. 2, 1981, as amended at 50 FR 25215, June 18, 1985]

§ 210.7-04 Income statements.

The purpose of this rule is to indicate the various items which, if applicable, should appear on the face of the income statements and in the notes thereto filed for persons to whom this article pertains. (See § 210.4-01(a).)

REVENUES

1. *Premiums.* Include premiums from reinsurance assumed and deduct premiums on reinsurance ceded. Where applicable, the amounts included in this caption should represent premiums earned.

2. *Net investment income.* State in a note to the financial statements, in tabular form, the amounts of (a) investment income from

each category of investments listed in the subcaptions of § 210.7-03.1 that exceeds five percent of total investment income, (b) total investment income, (c) applicable expenses, and (d) net investment income.

3. *Realized investment gains and losses.* Disclose the following amounts:

(a) Net realized investment gains and losses, which shall be shown separately regardless of size.

(b) Indicate in a footnote the registrant's policy with respect to whether investment income and realized gains and losses allocable to policyholders and separate accounts are included in the investment income and realized gain and loss amounts reported in the income statement. If the income statement includes investment income and realized gains and losses allocable to policyholders and separate accounts, indicate the amounts of such allocable investment income and realized gains and losses and the manner in which the insurance enterprise's obligation with respect to allocation of such investment income and realized gains and losses is otherwise accounted for in the financial statements.

(c) The method followed in determining the cost of investments sold (e.g., "average cost," "first-in, first-out," or "identified certificate") shall be disclosed.

(d) For each period for which an income statement is filed, include in a note an analysis of realized and unrealized investment gains and losses on fixed maturities and equity securities. For each period, state separately for fixed maturities [see § 210.7-03.1(a)] and for equity securities [see § 210.7-03.1(b)] the following amounts:

(1) Realized investment gains and losses, and

(2) The change during the period in the difference between value and cost.

The change in the difference between value and cost shall be given for both categories of investments even though they may be shown on the related balance sheet on a basis other than value.

4. *Other income.* Include all revenues not included in captions 1 and 2 above. State separately in the statement any amounts in excess of five percent of total revenue, and disclose the nature of the transactions from which the items arose.

BENEFITS, LOSSES AND EXPENSES

5. *Benefits, claims, losses and settlement expenses.*

6. *Policyholders' share of earnings on participating policies, dividends and similar items.* (See § 210.7-03.14(b).)

7. *Underwriting, acquisition and insurance expenses.* State separately in the income statement or in a note thereto (a) the amount included in this caption representing deferred policy acquisition costs amortized

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to income during the period, and (b) the amount of other operating expenses. State separately in the income statement any material amount included in all other operating expenses.

8. *Income or loss before income tax expense and appropriate items below.*

9. *Income tax expense.* Include under this caption only taxes based on income. (See §210.4-08(g).)

10. *Minority interest in income of consolidated subsidiaries.*

11. *Equity in earnings of unconsolidated subsidiaries and 50% or less owned persons.* State, parenthetically or in a note, the amount of dividends received from such persons. If justified by the circumstances, this item may be presented in a different position and a different manner. (See §210.4-01(a).)

12. *Income or loss from continuing operations.*

13. *Discontinued operations.*

14. *Income or loss before extraordinary items and cumulative effects of changes in accounting principles.*

15. *Extraordinary items, less applicable tax.*

16. *Cumulative effects of changes in accounting principles.*

17. *Net income or loss.*

18. *Earnings per share data.*

[46 FR 54335, Nov. 2, 1981, as amended at 57 FR 45293, Oct. 1, 1992]

§210.7-05 What schedules are to be filed.

(a) Except as expressly provided otherwise in the applicable form:

(1) The schedule specified below in this section as Schedules I shall be as of the date of the most recent audited balance sheet for each person or group.

(2) The schedules specified below in this section as Schedule IV and V shall be filed for each period for which an audited income statement is required to be filed for each person or group.

(3) Schedules II, III and V shall be filed as of the date and for periods specified in the schedule.

(b) When information is required in schedules for both the registrant and the registrant and its subsidiaries consolidated it may be presented in the form of a single schedule: *Provided*, That items pertaining to the registrant are shown separately and that such single schedule affords a properly summarized presentation of the facts. If the information required by any schedule (including the notes thereto) may be shown in the related financial statement or in a note thereto without making such statement unclear or con-

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fusing, that procedure may be followed and the schedule omitted.

(c) The schedules shall be examined by the independent accountant.

Schedule I—Summary of investments—other than investments in related parties. The schedule prescribed by §210.12-15 shall be filed in support of caption 1 of the most recent audited balance sheet.

Schedule II—Condensed financial information of registrant. The schedule prescribed by §210.12-04 shall be filed when the restricted net assets (§210.4.08(e)(3)) of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.7-03.21) and minority interests shall be deducted in computing net assets for purposes of this test.

Schedule III—Supplementary insurance information. The schedule prescribed by §210.12-16 shall be filed giving segment detail in support of various balance sheet and income statement captions. The required balance sheet information shall be presented as of the date of each audited balance sheet filed, and the income statement information shall be presented for each period for which an audited income statement is required to be filed, for each person or group.

Schedule IV—Reinsurance. The schedule prescribed by §210.12-17 shall be filed for reinsurance ceded and assumed.

Schedule V—Valuation and qualifying accounts. The schedule prescribed by §210.12-09 shall be filed in support of valuation and qualifying accounts included in the balance sheet (see §210.4-02).

Schedule VI—Supplemental Information Concerning Property-Casualty Insurance Operations. The information required by §210.12-18 shall be presented as of the same dates and for the same periods for which the information is reflected in the audited consolidated financial statements required by §§210.3-01 and 3-02. The schedule may be omitted if reserves for unpaid property-casualty claims and claim adjustment expenses of the registrant and its consolidated subsidiaries, its unconsolidated subsidiaries and